CPP ANNUAL USE OF CAPITAL SURVEY - 2011

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

S&T Bancorp, Inc.

Point of Contact:	Mark KochvarCFO	RSSD: (For Bank Holding Companies)	1071397
UST Sequence Number:	347	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	108,676,000	FDIC Certificate Number: (For Depository Institutions)	11124
CPP/CDCI Funds Repaid to Date:	108,676,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Indiana
Date Repaid[1]:	12/7/2011	State:	Pennsylvania

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

Loans decreased in 2011 by $231 million due to a slow recovery from the recent recession. With the stability provided by the CPP funds, S&T was able to continue loan originations and commitments, which were in excess of $801 million in 2011.

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X **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Over $148 million of residential mortgages were originated plus an additional $100 million of home equity and other consumer loans and commitments. Commercial originations and commitments of $553 million include both C&I and CRE loans.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☐ **Increase reserves for non-performing assets.**

☒ **Reduce borrowings.**

The presence of the CPP funds during 2011 contributed to S&T's ability to maintain a relatively low level of borrowings.

☐ **Increase charge-offs.**

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X **Purchase another financial institution or purchase assets from another financial institution.**

S&T announced the acquisition of Mainline Bancorp in September 2011. The transaction closed in March 2012.

X **Held as non-leveraged increase to total capital.**

To the extent that securities and loan balances decreased, the CPP funds could be considered to be non-leveraged capital increases.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The capital infusion of CPP funds has been a stabilizing influence in a time of great financial insecurity. The presence of the additional capital and the implied support of the U.S. Government gave S&T the confidence to continue with business as close to usual as was possible. S&T did not alter its consumer lending guidelines nor did S&T change its consumer loan pricing methodology during 2011. On the commercial side, economic stress in certain real estate sectors and particularly hard hit industries did require S&T to take a more careful look at new credits. S&T was able however to continue to serve the credit needs of the vast majority of its existing relationships. Credit extensions and loan commitments to creditworthy borrowers continued to be made. S&T was able to avoid selling and/or participating existing loans and did not exercise any demand features of loans in order to maintain adequate capital.The stabilizing influence of the CPP funds also had a flow-through impact on S&T's deposit base, by instilling confidence and improving retention in a time of uncertainty. Depositors remained confident in S&T and kept funds on deposit. S&T did not overpay for deposits, which would have had negative implications for earnings and capital.Over the course of 2011, as economic conditions stabilized and S&T's asset quality improved, we determined and our regulators agreed that S&T no longer needed the CPP funds. The CPP funds were repaid in full without any additional capital raise on December 7, 2011.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The impact of the financial crisis on S&T's local markets has been meaningful, but by no means as severe as some markets. Housing prices in S&T's market did not materially increase prior to the financial crisis, so there was far less need for sub-prime lending products that are considered to have been part of the problem. Nevertheless, unemployment remains elevated and many local customers are struggling. In order to continue to provide targeted assistance to residential homeowners and potential home purchasers, S&T retained special programs during 2011 that were originally instituted in 2009, shortly after the CPP infusion. 1. S&T continued a loan modification program for homeowners experiencing financial hardship. The PAMP, or Portfolio Affordable Modification Program was modeled after the government's HAMP. The PAMP targeted residential mortgage loans held by S&T. The loan modification program is intended to provide eligible borrowers who are experiencing financial hardship with affordable monthly payments for 3 years.2. S&T continued a special $20 million residential construction lending program that included a rate reduction during the first 2 years of the loan.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Throughout 2011 S&T was able to continue lending to qualified borrowers with the support provided by the infusion of CPP funds.S&T has continued to be an active consumer lender in 2011. During the year, S&T carried out 7 consumer loan promotions which typically involved reduced rates and/or fees. Products promoted include fixed and variable-rate home equity loans and lines of credit, Visa and mortgage lending.In 2011, S&T actively promoted small business lending, which we define as credit relationships up to $500,000. Special rate promotions were in place throughout 2011 to promote small business lending, and were supported with in-branch and print advertising.S&T also has continued to be an active participant in the IRC Sec. 42 affordable housing tax credit program providing funds through limited partnerships for new construction and rehabilitation.   During 2011 S&T was involved in 5 projects in its local markets and invested a total of $8.1 million.